



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0448	Title:	Ratepayer fiscal analysis for new power and transmission projects
Primary Sponsor:	Wanzenried, David E	Status:	As Amended in House Committee

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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
State Special Revenue	\$52,500	\$52,500	\$52,500	\$52,500
Revenue:				
State Special Revenue	\$52,500	\$52,500	\$52,500	\$52,500
Net Impact-General Fund Balance	\$0	\$0	\$0	\$0

Description of Fiscal Impact:

This bill would require additional analysis in an Environmental Impact Statement (EIS) or Environmental Assessment (EA) and in any Major Facility Siting Act (MFSA) report for a proposed generation project and certain power lines that potentially impact the customers of a utility. The additional funds that would need to be spent to do this work would be included in the fee provided under the Montana Environmental Policy Act (MEPA), or MFSA, and paid for by the project developer, assuming that SB448 clarifies this as a source of funding.

FISCAL ANALYSIS

Assumptions:

Montana Consumer Counsel (MCC)

1. The bill would require the Montana Consumer Counsel to construct an analysis of the rate impact of a covered generating or transmission project on electricity customers in Montana. Covered projects are certain electric generation projects filing for Air Quality, Water Quality, or Solid Waste permits, or transmission projects or upgrades filing for certificates under the Major Facility Siting Act.

2. Analysis of a generation plant that would serve Montana utility loads would require application of utility models to examine the costs of operation and resulting rates of portfolios relying on the proposed plant versus portfolios relying on alternative resources.
3. Analysis of the rate impact of a transmission project would require assessing the projected use of the facility to serve Montana customers, the cost of power that would be imported or otherwise carried over the line that would otherwise be inaccessible to Montana customers; the transmission rates that would be charged to Montana utilities, and the alternative costs in the absence of the proposed project.
4. Assume that each year analyses will be required for one generation proposal and one transmission proposal that require consultant services. Assume that a generation project requires 180 hours and a transmission project 120 hours at \$175/hour, for a total of \$52,500. It is assumed this amount is collected in fees collected under MEPA and is paid by the project developers.

Department of Environmental Quality (DEQ)

5. This bill has no fiscal impact to the DEQ.
6. SB 448 requires the permit/certificate applicant to pay for the preparation of the ratepayer impact analysis prepared by the Montana Consumer Counsel (MCC) for inclusion in the EA or EIS. Under amended SB 448, MCC costs of the rate analysis will be submitted to DEQ and will be reimbursed by the applicant along with DEQ's costs.
7. The DEQ will review the analysis for its environmental documents and coordinate with MCC and/or its consultants using existing staff at no additional cost.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
Montana Consumer Council				
<u>Expenditures:</u>				
Operating Expenses	\$52,500	\$52,500	\$52,500	\$52,500
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$52,500	\$52,500	\$52,500	\$52,500
<u>Revenues:</u>				
State Special Revenue (02)	\$52,500	\$52,500	\$52,500	\$52,500
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	\$0	\$0	\$0	\$0

Sponsor's Initials

Date

Budget Director's Initials

Date